

**CONTRACT #1**  
**RFS # N/A**

**TN Board of Regents**  
**East TN State University**

**VENDOR:**  
**Tennessee Rural Health**  
**Recruitment & Retention**  
**Center**



## Tennessee Board of Regents

1415 Murfreesboro Road - Suite 350 - Nashville, Tennessee 37217-2833  
(615) 366-4400 FAX (615) 366-4464 www.tbr.edu

RECEIVED

October 9, 2006

OCT 11 2006

FISCAL REVIEW

Ms. Leni S. Chick  
Fiscal Analyst  
Rachel Jackson Building, 8<sup>th</sup> Floor  
Nashville, TN 37243

Dear Ms. Chick:

Enclosed please find an amendment to the agreement between East Tennessee State University and Tennessee Rural Health Recruitment and Retention Center which provides management for the statewide TennCare Revised Residency Stipend Program.

Per Fiscal Review's request, this contract was approved by the committee last year with the stipulation that any extensions must be approved by the Committee. **Please contact me regarding the date this will go before the Fiscal Review Committee and I will inform the representatives to insure they are present for the meeting in which the contract will be discussed.** If you have any questions, please do not hesitate to contact me at 366-4436.

Information regarding the contract may be sent to my attention at the Tennessee Board of Regents, 1415 Murfreesboro Road, Suite 350, Nashville, Tennessee 37217.

Sincerely,

Angela A. Gregory  
Director of Purchasing and Contracts

cc: Charles Manning  
Bob Adams  
David Collins, ETSU

Austin Peay State University • East Tennessee State University • Middle Tennessee State University • Tennessee State University  
Tennessee Tech University • University of Memphis • Chattanooga State Technical Community College  
Cleveland State Community College • Columbia State Community College • Dyersburg State Community College  
Jackson State Community College • Motlow State Community College • Pellissippi State Technical Community College  
Roane State Community College • Southwest Tennessee Community College • Volunteer State Community College  
Walters State Community College • Nashville State Technical Community College • Northeast State Technical Community College  
The Tennessee Technology Centers



East Tennessee State University  
Vice President for Business and Finance \* Chief Financial Officer of the ETSU Foundation  
P.O. Box 70601 \* Johnson City, Tennessee 37614-1708 \* (423) 439-5884 \* Fax: (423) 439-4620  
E-mail: [COLLJNSD@ETSU.EDU](mailto:COLLJNSD@ETSU.EDU)

September 11, 2006

**RECEIVED**

OCT 11 2006

**FISCAL REVIEW**

Ms. Angela Gregory  
Director of Purchasing/Contracts  
1415 Murfreesboro Road, Suite 350  
Nashville, TN 37217

Dear Ms. Gregory:

Please find enclosed an amendment to extend the agreement with Tennessee Rural Health Recruitment and Retention Center for an additional year. The existing contract was with the stipulation that any extensions must be approved by the Fiscal Review Board. The Tennessee Rural Health Recruitment and Retention Center, was formed specifically to accept funds from all four medical school to develop and manage a new TennCare Revised Residency Stipend Program

If you have any questions, please free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David D. Collins".

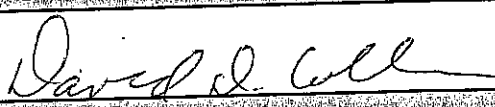
David D. Collins  
Vice President Business and Finance

DDC:bc

enclosures

# CONTRACT SUMMARY SHEET

021406

RFS #		Contract #	
N/A		To be assigned	
State Agency		State Agency Division	
Tennessee Board of Regents-ETSU		East Tennessee State University	
Contractor Name		Contractor ID # (FEIN or SSN)	
Tennessee Rural Health and Retention Center		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 20-3037016	
Service Description		OCT 11 2006	
Tennessee Rural Health Recruitment and Retention Services		FISCAL REVIEW	
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
1/1/2006	12/31/2011	Vendor	
Mark Each TRUE Statement			
<input type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
Allotment Code	Cost Center	Object Code	Fund
318.66	910	134	11
		Funding Grant Code	
		on stars	
FY	State	Federal	Interdepartmental
2006	\$158,247.00		
2007	\$330,817.00		
2008	\$330,817.00		
2009	\$330,817.00		
2010	\$330,817.00		
2011	\$165,408.00		
TOTAL	\$ 1,646,923.00	\$ -	\$ -
Funding Subgrant Code		TOTAL Contract Amount	
		\$ 158,247.00	
		\$ 330,817.00	
		\$ 330,817.00	
		\$ 330,817.00	
		\$ 330,817.00	
		\$ 165,408.00	
		\$ 1,646,923.00	
COMPLETE FOR AMENDMENTS ONLY		State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Dr. David Collins (423) 439-5884
			State Agency Budget Officer Approval
			
			Funding Certification (certification required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL	\$ -	\$ -	
End Date			
Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input checked="" type="checkbox"/> NOT disadvantaged
OTHER minority/disadvantaged—			
Contractor Selection Method (complete for ALL base contracts—N/A to amendments or delegated authorities)			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method	
<input checked="" type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (eg, ID, GG, GU)	<input type="checkbox"/> Other	
Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)			
Renewal of existing contract previously approved by Fiscal Review. The proposed contractor, the Tennessee Rural Health Recruitment and Retention Center, was formed specifically to accept funds from all four medical schools to develop and manage a new TennCare Revised Residency Stipend Program. The comprehensive nature of the approaches taken by the new organization is expected to create demand for the stipends and to support a recruitment and placement process that will enable those who accept stipends to more easily find and locate in rural practices in Tennessee.			

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #		
2) State Agency Name :	Tennessee Board of Regents - ETSU	
<b>EXISTING CONTRACT INFORMATION</b>		
3) Service Caption :	Tennessee Rural Health Recruitment and Retention Center	
4) Contractor :	Tennessee Rural Health Recruitment and Retention Center	
5) Contract #	344.02-607	
6) Contract Start Date :	1/1/2006	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	12/31/2011	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,646,923.00	
<b>PROPOSED AMENDMENT INFORMATION</b>		
9) <u>Proposed</u> Amendment #	One	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	1/1/2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	12/31/2011	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,646,923.00	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Extends the current contract and provides for additional annual renewals.		
15) Explanation of Need for the Proposed Amendment :		
ETSU in the original contract reserved the right to extend the contract for up to five additional periods. Fiscal Review required review after initial period.		

*wrong form*

# REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A request can not be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.

1) RFS #	N/A	
2) State Agency Name :	Tennessee Board of Regents - ETSU	
3) Service Caption :	Tennessee Rural Health Recruitment and Retention Services	
4) Proposed Contractor :	Tennessee Rural Health Recruitment and Retention Center	
5) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt)	1/1/2006	
6) Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	12/31/2011	
7) Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,646,923.00	
8) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
9) Description of Service to be Acquired :		
<p>The contractor will provide statewide health professions recruitment and retention services, particularly focused upon rural Tennessee counties. The services will include: (1) generate recommendations to the TennCare Bureau regarding the revision of the TennCare Residency Stipend Program to improve its comprehensiveness and effectiveness; (2) develop a statewide multi-disciplinary rural curriculum available to all medical residents in state interested in rural practice; (3) operate a statewide program that (a) conducts annual health professionals demand assessments, (b) collects specific information about rural practice opportunities, (c) coordinates publication and dissemination of practice opportunities, (d) tracks post-graduate practice selection for residency graduates completing training in Tennessee; and (4) develop the Tennessee Specialty Resident Rural Practice Experience program.</p>		
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :		
<p>ETSU annually receives funding from the TennCare Bureau to recruit and allocate stipend awards to medical residents enrolled in its post-graduate residency programs through the TennCare Residency Stipend Program. The program has been unsuccessful in recruiting residents. The TennCare Bureau has accepted a proposal from all four medical schools to pool the Residency Stipend Program funds and create a statewide program and develop a comprehensive program that would create demand for rural practice. ETSU would be required to contract its portion of the Residency Program funding to the contractor as part of this statewide plan.</p>		
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :		
Renewal of existing contract was previously approved by Fiscal Review.		
12) Name & Address of the Proposed Contractor's Principal Owner(s) : (not required if proposed contractor is a state education institution)		

TRHRRRC, Inc., 500 Interstate Blvd., South, Suite 203, Nashville, TN 37210

-501(c) (3) – not for profit. The Corporation with board membership represents rural health interests and appointed representatives from each of the four Tennessee medical schools.

**13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :**

This will be the second year of the contract.

**14) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology)

select one: ☒ Documentation Not Applicable to this Request

☐ Documentation Attached to this Request

**15) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one: ☒ Documentation Not Applicable to this Request

☐ Documentation Attached to this Request

**16) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one: ☒ Documentation Not Applicable to this Request

☐ Documentation Attached to this Request

**17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

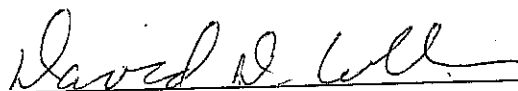
Services are not available elsewhere. The Tennessee Rural Health Recruitment and Retention Center was established for this purpose.

**18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process :**  
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

The proposed contractor, the Tennessee Rural Health Recruitment and Retention Center was formed specifically to accept funds from all four medical schools to develop and manage a new TennCare Revised Residency Stipend Program. The comprehensive nature of the approaches taken by the new organization is expected to create demand for the stipends and to support a recruitment and placement process that will enable those who accept stipends to more easily find and locate in rural practice in Tennessee.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Date

9/11/06

Agency Head Signature



DATE

10/3/06

Charles W. Manning, Chancellor, Tennessee Board of Regents

**AMENDMENT TO CONTRACT  
BETWEEN  
EAST TENNESSEE STATE UNIVERSITY  
AND  
TENNESSEE RURAL HEALTH RECRUITMENT AND RETENTION CENTER**

This amendment, made this \_\_\_\_ day of \_\_\_\_\_, 2006, by and between East Tennessee State University, hereinafter referred to as "ETSU", and Tennessee Rural Health Recruitment and Retention Center (TRHRRC), hereinafter referred to as "Contractee".

**W I T N E S S E T H**

WHEREAS, the parties desire to modify the terms and conditions to their original agreement dated January 1, 2006, the parties hereby agree as set forth below:

In accordance with the provisions of Item B.2. of the Contract, the parties wish to renew this agreement for an additional one year period from January 1, 2007 through December 31, 2007.

Subject to the modifications set forth in this amendment, the above reference original agreement dated January 1, 2006, between the parties is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties, through their authorized representatives, have affixed the signatures below.

**TENNESSEE RURAL HEALTH RECRUITMENT AND RETENTION CENTER:**

\_\_\_\_\_  
**President**

\_\_\_\_\_  
**Date**

**EAST TENNESSEE STATE UNIVERSITY:**

\_\_\_\_\_  
**Ronald D. Franks, MD**

\_\_\_\_\_  
**Date**

**Vice President for Health Affairs and Dean, Quillen College of Medicine**

\_\_\_\_\_  
**Paul E. Stanton, Jr., MD**

\_\_\_\_\_  
**Date**

**President**

**TENNESSEE BOARD OF REGENTS:**

\_\_\_\_\_  
**Charles W. Manning, Chancellor**

\_\_\_\_\_  
**Date**



# Update

## Development of the Tennessee Rural Health Recruitment and Retention Center

### August 2006

*In September 2005 TennCare gave approval to implement a plan to improve its virtually unused TennCare Residency Stipend Program. The plan was developed by the state's four medical schools with the Rural Health Association of Tennessee. The plan is designed to help reduce physician shortages and improve access to care. This cooperative and comprehensive venture will result in a system to provide better practice site information about real opportunities. Much of the plan was based upon the experience of the Minnesota Center for Rural Health, a program which ETSU Dean Ronald Franks helped to develop into a national model.*

1. The **new not-for-profit corporation** (TRNRRC) has been established and is formed in Nashville. Its board includes representatives from the four medical schools, a number of rural representatives and some statewide associations (Hospital, Primary Care). Bruce Behringer is the ETSU representative.
2. **Cindy Siler** of Campbell County was chosen as **Executive Director**. Ms. Siler directed REACHS, a health and human services agency in Lafayette TN for over 15 years. She lives and breaths rural (her husband is a preacher on the rodeo cowboy circuit). She has experienced trying to recruit physicians and other health professionals into a rural underserved county, and she knows Tennessee geography and politics through chairing the Rural Health Association of Tennessee board of directors. She spent her first week on the job at ETSU and with the Johnson County Health Center and learned first hand about residency training, critical access rural hospitals, and the dean's visions from Dr. Franks.
3. Four **statewide task forces** have been formed to make recommendations to the board about the future operations of the corporation.
  - a. Revisions to the **TennCare Residency Stipend Program** (Mary Ann Watson, UT-Memphis, chair). This group will identify factors that deterred residents from accepting the \$15,000 year stipend in exchange for a promise to practice in a TN shortage county. A focus group will be conducted at ETSU with residents interested in rural TN practice within 60 days to gather ideas.
  - b. Development of **Recruitment and Retention Services** (Bruce Behringer, ETSU, chair). TRNRRC will develop a health professional recruitment organization to identify and match practice opportunities with physicians and residents interested in rural TN. TRNRRC will become part of a national network ([www.3RNET.org](http://www.3RNET.org)) sponsored through states. Regular staff visits to residency programs will be scheduled to share opportunities with residents. The Center will work with the State to include match services for J-1 Visa physicians.
  - c. **Statewide Rural Primary Care Resident Curricular Enhancements** (Joe Florence, ETSU, chair). This group will recommend a series of rural oriented curricular experiences (rotations, conferences, etc.) to reinforce resident interest and awareness of rural opportunities. Residents from across the state's primary care programs will be invited to participate.
  - d. **Tennessee Sub-specialty Resident Rural Experience Program** (Betty Nixon, Vanderbilt, chair). This group will explore models to encourage sub-specialty residents to gain short term experiences in rural hospitals. Dr. Browder from ETSU is exploring experiences in rural surgery as one model.
4. The **2006 Rural Tennessee Health Professionals Demand Assessment** is being conducted under contract with our Department of Family Medicine's Research Division. Dr. Gary Kukulka has done an admirable job in creating a data base of practicing physicians in 91 or 95 TN counties. In the next month he will be collecting data through a demand assessment survey about practice opportunities. The first Assessment conducted in 2001 found over 300 openings in the 91 non-metro counties.

For more information or to contribute your ideas, please feel free to contact Bruce Behringer ([behringe@etsu.edu](mailto:behringe@etsu.edu)) for Executive Director Cindy Siler ([cindy.siler@comcast.net](mailto:cindy.siler@comcast.net) - 615.401.7414)

## **TENNESSEE RURAL HEALTH RECRUITMENT AND RETENTION CENTER**

### **Brief #2**

**TRHRRC is a collaborative effort to retain and recruit physicians in rural and underserved areas.** *The initial plan was proposed in 2002 after completion of statewide survey that identified 350+ physicians (primary care and specialty care), nurse practitioner and physician assistant openings in the 91 rural (of 95) Tennessee counties.*

**Rural health providers and the State's four medical schools are working together.** *A statewide plan to revise and strengthen the underused ten-year old TennCare Graduate Medical Education (GME) Residency Stipend Program intended to provide incentives to be approved in 2005. The Plan is a product of cooperation and the schools and rural interests serve on the new Center's board.*

**We are using a model that has been proven successful in other states.** *Much of our plan came from operations of the highly successful Minnesota Center of Health and North Carolina's Office of Rural Health.*

**Funding comes from TennCare and cannot be spent for any other purpose.** *A total of up to \$2.0 is available as part of each medical school's TennCare GME. The medical schools are contracting with the new corporation, TRHRRC, to operate a statewide program involving all the schools. The ETSU contract portion is about \$350,000, or 18 of the statewide allocation.*

#### **Action steps to date:**

- *Form new corporation with a statewide board of directors \**
- *Establish office in Nashville (housed at Tennessee Hospital Association) and hire director (former REACHS Executive Director from Campbell County)*
- *Complete Rural Health Professionals Demand Assessment survey to identify locations of practices in rural counties in need of clinicians (contracted to be completed by the end of the year)*
- *Establish four Task Forces to make recommendations about operations*
  - o *How to improve and implement the Revised TennCare GME Stipend Program*
  - o *Create a new statewide Rural Primary Care curriculum to encourage a medical residency experience in rural practices and communities*
  - o *Tennessee Rural Specialty Resident Experience to encourage exposure to rural specialty care needs*
  - o *Establish a new corporation to implement statewide recruitment and retention services*

#### **\* Board Membership**

Bill Jolley, Tennessee Hospital Association (Chair)

Sue Pilson, Upper Cumberland Community Services Agency (Rural Health Association of TN) (Secretary)

Kathy-Wood Dobbins, Tennessee Primary Health Care Association

Rhonda Philippi, Vanderbilt University (Treasurer) (Rural Health Association of TN)

Bruce Behringer, East Tennessee State University

David Collier, TennCare Bureau

Lisa Heaton, Johnson County Hospital (Rural Health Association of TN)

Patrick Lipford, Tennessee Department of Health

Valerie Montgomery-Rice, Meharry Medical College

Betty Nixon, Vanderbilt University

Mary Ann Watson, University of Tennessee Health Sciences Center - Memphis



The TN Rural Health Recruitment and Retention Center, Inc. TRHRRC has been established through a joint effort of the four Tennessee Medical Schools: The University of Tennessee-Health Science Center, Vanderbilt University, East TN State University and Meharry Medical College with the Rural Health Association of Tennessee (RHAT), the TN Hospital Association, the TN Primary Care Association, the TN Department of Health and other key stakeholders to enhance workforce development for health care provision in rural and underserved areas of the state. As is stated in the mission statement below, TRHRRC intends to work with the communities as practice opportunities to better prepare them in the recruitment and commitment to a health care professional. Likewise it is the goal of TRHRRC to enhance the statewide training opportunities for residents interested in a rural experience.

#### **History**

The corporation was formed in January 2006 with a voluntary Board of Directors representing rural health care and the investing universities. The Executive Director, Cindy Siler was hired in July and progress is being made toward a Statewide Recruitment and Retention Plan. Four Task Forces were formed to initiate the process with the following summarized objectives. The complete Plan can be found on the website [www.trhrrc.com](http://www.trhrrc.com).

<b>Task Force</b>	<b>Objective</b>
1. Organization Development	To establish the 501©3
2. Stipend Revision	To research and revise the Stipend Program for Primary Care Residents to improve the utilization of the program
3. Curriculum Development	to develop a statewide rural curriculum for Primary Care residents
4. Specialty Program	To research the need and method for specialty care in rural areas

**Mission:** *to enhance statewide collaboration on workforce planning to better serve rural and underserved communities and health providers in Tennessee by assisting in the recruitment, placement and retention of physicians, physician assistants, advanced practice nurses and other health professionals.*

#### **Corporate Goals:**

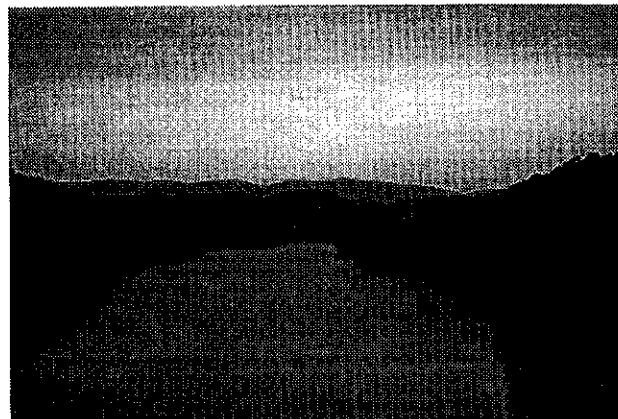
1. to increase access to healthcare for rural and underserved citizens in Tennessee;
2. increase the supply of health professional in rural and underserved areas in Tennessee;
3. to assist rural and underserved communities in defining specific healthcare provider needs and to identify strategies to address those needs;
4. To offer a low-cost alternative to better match communities experiencing demand with appropriate health care providers.

**Progress:**

- The 2006 Demand Assessment is being conducted across the state through a contract with ETSU. The results of the 2001 Demand Assessment indicated statewide demand exceeds the annual number of graduates of family physicians in Tennessee. The results of the 2006 Demand Assessment should be completed by mid October and will be the TRHRRC guidance in approaching practice opportunities and beginning the matching process.
- Sessions during the RHAT Annual Conference have been developed especially for the residents considering rural or underserved practice opportunities and the Residency Program Directors have been asked to recommend two residents from each program for sponsorship to the conference in Gatlinburg.
- Focus groups are being conducted across the state to analyze the GME Stipend Program as it currently exist and search for improvement methods.

Please do not hesitate to contact TRHRRC with questions or suggestions for the program. We are here to serve you.

Cindy Siler, Executive Director  
cindy@trhrrc.com or 615.401.7414  
[www.trhrrc.com](http://www.trhrrc.com)



*Enhancing the provision of quality health care in rural and underserved communities in Tennessee.*



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**

Representatives

Harry Brooks  
Curt Cobb  
Bill Dunn  
Dennis Ferguson  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*  
Mary Pruitt  
Donna Rowland  
David Shepard  
Curry Todd

**Sen. Don McLeary, Vice-Chairman**

Senators

Mae Beavers  
Jim Bryson  
Steve Cohen  
Douglas Henry, *ex officio*  
Lt. Governor John S. Wilder, *ex officio*  
David Fowler  
Steve Southerland

TO: MEMBERS OF THE FISCAL REVIEW COMMITTEE

FROM: SHILINA B. CHATTERJEE *SBC*  
Counsel to the Fiscal Review Committee

RE: Follow-up on Contract between East Tennessee State University and Tennessee Rural Health Recruitment Center

Date: December 1, 2005

On November 16, 2005, ETSU appeared before the Contracts Subcommittee and presented a contract with Tennessee Rural Health Recruitment Center. The contract was to establish and manage the statewide TennCare Revised Residency Stipend Program. The vendor is to provide statewide recruitment and retention of medical residents enrolled in the post-graduate residency programs for rural Tennessee counties through this program.

A question was raised concerning how many medical stipends had been awarded to date by the TennCare Bureau. The Board of Regents has informed us that the TennCare Bureau awarded the following number of medical school stipends:

Medical School	# of Stipends
ETSU	3
UT-Memphis	8
Vanderbilt	0
Meharry	0

If you need any additional information, please feel free to contact me. Thank you.



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**  
Representatives

Harry Brooks                      Mary Pruitt  
Curt Cobb                         Donna Rowland  
Bill Dunn                         David Shepard  
Dennis Ferguson                Curry Todd  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*

**Sen. Don McLeary, Vice-Chairman**  
Senators

Mae Beavers                      David Fowler  
Jim Bryson                        Steve Southerland  
Steve Cohen  
Douglas Henry, *ex officio*  
Lt. Governor John S. Wilder, *ex officio*

**M E M O R A N D U M**

**TO:**                      The Honorable Dave Goetz, Commissioner  
                             Department of Finance and Administration

**FROM:**                Charles Curtiss, Chairman  
                             Don McLeary, Vice-Chairman

**DATE:**                November 16, 2005

**SUBJECT:**            **Contract Comments**  
                             (Contract Services Subcommittee Meeting 11/16/05)

**RFS# 344.02-607**

**Department: East Tennessee State University**

**Contractor: Tennessee Rural Health Recruitment and Retention Center**

**Summary: The medical schools in Tennessee receive annual funding from the TennCare Bureau to recruit and allocate stipend awards to post-graduate medical residents. The Bureau has accepted a proposal from ETSU, UT-Memphis, Vanderbilt and Meharry to pool the Residency Stipend Program funds and create a state-wide comprehensive program that would create demand for rural practice and better manage the stipend program for these medical schools. This is a possible five-year contract.**

**Maximum liability for 1<sup>st</sup> Year: \$499,735**

After review, the Fiscal Review Committee voted to recommend approval of this contract with the clarification that Section B.1 be amended to make the initial term one year and that a copy of the recommendations report be presented to the Committee.

**cc:**                      Dr. Charles Manning, Tennessee Board of Regents  
                             Ms. Elizabeth Holton McClaran, Administrative Assistant/Coordinator  
                             Mr. Robert Barlow, Director, Office of Contracts Review

# *Excerpts from November 16, 2005 meeting*

Mr. Hix: They were not actively in pursuit. Steve, you may have some additional information on that.

Mr. Tepley: Actually, we ended up with just one. That was the Michael Dunn Center who was active until just recently. They are no longer interested in taking conservatorship cases. At this point, we are going back and starting from scratch to develop a new provider network.

Senator Fowler: Mr. Chairman, I make the motion that we move this to the next meeting.

Representative Pruitt: I second it.

Chairman McLeary: We have a motion and a second. All in favor say aye. Any opposed? The motion passes unanimously.

If you guys could get together with our staff before the next meeting, maybe we can get some of these issues worked out.

Chairman McLeary: We are ready for the next contract:

*Contract 2 - (Tennessee Board of Regents, East Tennessee State University with TN Rural Health Recruitment and Retention Center) - Presenter: Greg Wilgocki.*

Mr. Wilgocki: My name is Greg Wilgocki, and I am the Associate Dean and Associate Vice President for Finance and Administration at East Tennessee State University. I also have with me Mr. Bruce Behringer who is an Associate Vice President for our Rural Programs. We are here today to present a contract where we will enter into an agreement for recruitment and retention of physicians for the State of Tennessee. This is an outgrowth from our contract with the TennCare Bureau that we have had for a number of years now but were unable to utilize the funds. This was because of difficulties in contract negotiations as well as having the funds in the right locations in order to develop programs in a way to entice physicians to go into rural and underserved areas.

This contract is an outgrowth of efforts between the TennCare Bureau as well as the four medical schools involved in that contract. The Rural Health Association of Tennessee has agreed to work with us on this contract as well as set up a separate corporation to assist and provide the services of recruitment and retention of physicians for the State of Tennessee through this contract.

Mr. Behringer: We have been working to develop a new corporation whose sole purpose would be to help organize a statewide program that would bring all four of the medical schools together, the interests of the Rural Health Association of Tennessee, the Tennessee Hospital Association, the Tennessee Primary Care Association, and all those entities that are interested in helping find a more effective and efficient way in getting health professionals into the rural and underserved communities so that we can do a better job in ensuring care for TennCare enrollees.

The contract would be between East Tennessee State University and a new entity which has been formed. We are in the process of getting the final 501(c)(3) application now.

Representative Pruitt: What are the four medical schools we have in Tennessee?

Mr. Behringer: Meharry, Vanderbilt, the University of Tennessee, Memphis, and East Tennessee State University.

Representative Shepard: In explanation of the contract, it says that ETSU has been unsuccessful in recruiting and awarding TennCare residency stipends to our medical residents since 1994. So, this has been a problem for eleven years. Was this like a grant proposal that was awarded by the State?

Mr. Wilgocki: It was part of the TennCare contract and was a separate pool of funds. It has been very difficult to recruit. TennCare was trying to specify what underserved areas there were, and then they changed their minds and said well you need to commit yourself to go to any area identified. Students, trainees and physicians like to know where they are going to go so that they can start planning. Also, they want



to make the decision of whether or not they really want to go to this area or some other area of the State. It's been since 1994 that we have had these types of problems. It's really an outgrowth of the TennCare review with medical schools to try and come up with an alternative program that would be seen by the trainees and physicians as a program that would be beneficial and attractive to them.

Representative Shepard: So since the inception of TennCare, which was I think 1993-94, this program has not been successful?

Mr. Wilgocki: No, it has not. If I remember correctly, I think we've only had four of our trainees avail themselves of the program in all this time.

Representative Shepard: This is not only Year 4 residents or people that will graduate from medical schools but also TSU, Vanderbilt, UT Memphis? No one was able to utilize this program?

Mr. Wilgocki: I do not know what their numbers were, but I do know that they had very small numbers like we did that participated in the program. That's what brought us to this point today.

Representative Shepard: Has TennCare changed their stance on this? Are they willing to work with you and allow a little more flexibility in the program?

Mr. Wilgocki: Yes, sir. In fact, we reviewed this proposal with the TennCare Bureau, and they are in support of this process.

Senator Bryson: The purpose of this is to recruit physicians to medical schools that will then go into rural communities?

Mr. Wilgocki: No. The purpose is to provide stipends to physicians who are in their residency training period - that period after medical school - to subsidize them to go into the rural communities.

Senator Bryson: We haven't been able to do that very well to date. What's been the annual budget to do that that we haven't been able to spend?

Mr. Wilgocki: The amount of the stipend originally allotted was \$15,000 per year per resident.

Senator Bryson: Do we know what we have been budgeting each year to do this program?

Mr. Wilgocki: In the TennCare contract, the total amount of funds allocated for all four schools was \$2 million.

Senator Bryson: So at \$15,000 a person, that's an awful lot of doctors.

Mr. Wilgocki: Yes, but the residents are not taking advantage of it.

Senator Bryson: Do we know why?

Mr. Wilgocki: There are a number of reasons. First of all, \$15,000 compared with an average debt load of students graduating from medical school ranges between \$125,000 and \$150,000 is a small amount of money.

Senator Bryson: If we have \$2 million, and we have four of them out there, couldn't we just pay off their debt. They could then go be residents.

Mr. Wilgocki: That's not the way the current regulations are written. What we have been asked to do is to provide suggestions on how to improve the program. This new corporation that would be established would be doing that.

Senator Bryson: In looking through this, it seems like it is a huge expansion of what we were doing. If I understand correctly, we were trying to find people to give a stipend to and get them into rural areas. What I am seeing is an awful lot of data collection, an awful lot of training, an awful lot of meetings, and those kinds of things. How is this going to help us find and recruit residents at \$15,000 a pop when that's already not enough money?

Mr. Wilgocki: Part of what the charge has been and the plan that was developed includes a set of recommendations that would probably lead to increasing the residency stipend amount. Another reason residents sometimes don't go to the rural community is because they don't go there as part of their training. Part of this overall program

would enable us to establish sites in rural communities where resident physicians could go to practice as part of their training program. This would familiarize them with small towns and how much they are needed in those small towns. The specialty residency program that would be established. No one in the country has one of these right now. We graduate many, many specialty residents in the State of Tennessee. They are also needed in rural communities but never get exposure to rural communities. We are trying to establish a pilot program of how to get them out there to gain those experiences. We were asked to design something more comprehensive that would make that allocation that TennCare made so many years ago more effective.

Senator Bryson: Is this establishing those procedures, or is this a procedure by which we can establish the procedures?

Mr. Wilgocki: Both.

Senator Bryson: So if we spend \$500,000 in '06 on this, we are going to have residents in these rural areas. We are going to have specialists there, and we are going to have residents doing work in those areas.

Mr. Wilgocki: With the work planned in '06, everything will be in place in '07 to have the residents in those rural communities, to have recommendations back to TennCare on the change in the amount of the stipend and the regulations regarding the stipend. So we are looking at this next year as an opportunity to put all these things in place and then come back to TennCare in that second year through the new corporation and say this is what the contents of the program will look like.

Senator Bryson: If we know what the problems are, why aren't we making those recommendations now?

Mr. Wilgocki: We could probably make some of them now, and they are included in the plan that we submitted to TennCare and were approved by TennCare. We will probably be able to start getting some of the residents out now. But there will have to be a little more work with the residents themselves with the medical schools and

TennCare to make sure that the regulations that we would propose for the changes in the stipend program would be adopted. It will take one more step.

Senator Bryson: Who is the task force?

Mr. Wilgocki: There are going to be four work groups established around the four primary goals of this program. The task force meetings would include all four of those work groups.

Senator Bryson: What are the four goals that were outlined?

Mr. Wilgocki: One is to establish the corporation and the recruitment and retention process. The second would be to establish a statewide primary care curriculum that would include the residencies across the state. The third part would put together the recommendations on changes for the stipend itself. The fourth would be to establish the specialty resident rural experience.

Senator Bryson: In the \$2 million that TennCare set aside, is that money still there? Is this coming out of that funding, or is this an additional request?

Mr. Wilgocki: That money is still there.

Senator Bryson: So essentially if we are successful here, we will have \$1.5 million left. Is that right?

Mr. Wilgocki: Yes, for '06. This spans two different budget years. We wrote that budget eight months ago, and we were hoping that we would start at the beginning of the fiscal year. It's taken this long to get to this point to come before you.

Senator Bryson: I applaud what you are trying to do as far as the residency. It just seems like a huge issue to get people out there when we know the problem is that they can't make enough to pay off their loans. We could triple the stipend without spending the \$500,000 and probably get residents out there feeling good about what they are doing. That's the concern I have, not necessarily that the contract is a bad contract, just that there might be a simpler and more efficient way to do it.

Representative Shepard: We are setting up an entity here. Are we then going to review the entity at this level - Fiscal Review - as it goes forward?

Chairman McLeary: It's a not-for-profit set up through East Tennessee State.

Mr. Wilgocki: There is a provision in the contract for an annual audit as well as provision for the gentlemen in the Treasurer's office to review the financials as well. We would be open to anything you might propose.

Representative Curtiss: How is this entity going to be made up? What is the complexion of the board going to be, how is it going to be developed, etc?

Mr. Wilgocki: The bylaws state that the membership of the board would include one representative from each of the four medical schools, a representative from the Rural Health Association, a representative from the Tennessee Primary Care Association, a representative from the Tennessee Hospital Association. I think we have a board of eleven people and most of them will represent either the medical schools or the rural health interests from across the state.

Representative Curtiss: If a student graduates and goes on to do their residency in a hospital, aren't they typically being paid a salary or being reimbursed for working in that hospital?

Mr. Wilgocki: Yes.

Representative Curtiss: This is talking about a stipend to send them out into a rural area. So no matter where they would be working in a rural area, they would still be getting paid some kind of salary to work there. Would this be a supplement, or are you telling me you're going to put them in such a poor place they wouldn't even pay them?

Mr. Wilgocki: Once a student graduates from a four-year medical school, they then choose a residency. That residency could be family medicine, pediatrics, obstetrics, or surgery. They then spend three to five years in that residency as a training period during which they get about \$30,000 a year. After they finish medical

school in which they have incurred this \$125,000 of debt, then they are doing their additional training for which they would receive the \$30,000 a year. Then they would choose to go out into practice. What we are trying to do is to influence that period when they have little to no money at all in trying to get them to think about going into those areas where they are really needed by allotting some funds to them during that period of their residency. Once they go into practice, they negotiate their own contract. If they went to a very rural community, they may or may not get a salary from a hospital. They may choose to go into private practice without support from a hospital.

Representative Curtiss: So the \$15,000 stipend is beyond the residency.

Mr. Wilgocki: No, it's during the residency.

Representative Curtiss: Okay, I understand. They are agreeing to go to a rural area during that residency. This is just a comment I want to make. I come from a rural area, and I think we are heading to an era where we will see rural communities recruit students to go to medical school and contractually come back to that community. They are going to pay for them to go to school. I think that is where we are heading. With all that said, I think that may be a logical way to look at this. Of course TennCare may never let you look at it. But maybe you need to be negotiating with these students before they even get into school. Maybe that's where the money needs to be put - contract with them before they even get into their residency.

Senator Bryson: I think this is a great thing, and we absolutely need to do something. My concern is that we are creating a bureaucracy to do this as opposed to just doing something. We are creating something that's going to take us a year just to get to the recommendations that we are going to take to TennCare for a proposal. We are developing all of this stuff when I think we know the problem. I think we know how we can begin to address it, and two people could probably sit down and come up with what needs to be done. That's the concern I have about this. I think it's half a million

dollars that you could put toward putting residents in rural areas as opposed to developing a bureaucracy to come up with the plan to do so.

Representative Curtiss: If rural communities are where we are heading, then I tend to agree with Senator Bryson. You could take that half a million dollars and turn it into a million dollars if you had those rural communities come up with matching funds. One of the reasons that TennCare failed is because we have these people in the middle that is taking these health care dollars out and very little of it gets down to where the people truly need the medical care. Here we are creating a bureaucracy. I don't think it's done for the wrong intention, but we are going to take some more of these health care dollars out of the arena. We need to be thinking of a way to get more health care dollars down to the provider level. I share the same concern that Senator Bryson has for that.

Chairman McLeary: You've been giving back all this money, right? Because it hasn't been working?

Mr. Wilgocki: We have never received it.

Chairman McLeary: So it's \$2 million that has just been sitting there. At least they are trying to do something for the rural areas. We are hurting where I live too. Most of the money is federal-matching funds. I agree that the bureaucracy bothers me, but at least you have a plan to try and fix the problem.

Senator Fowler: What bothers me is we spend twenty-five percent of our money to try and figure out how to spend our money. If you look at most charitable organizations, they are out here trying to figure out how to raise money and brag that they only spend two or three percent of their money trying to figure out how to get your money. I look on here and see that we are paying somebody \$9,000 to file incorporation papers when you can go to the Internet and fill in the blanks. I cannot imagine that there's not legal staff at Vanderbilt or UT or somebody that couldn't do that as just part of their job. So basically we are paying \$9,000 to facilitate a retreat

among people that have already been meeting for a year and figured out a substantial amount of the problems. We are paying some outfit in Minnesota \$15,000 to counsel with us. Take a day; send two people up there to interview them. Be nice, take them to lunch. They will do that. You don't spend \$22,500. You see what I am saying? That's what bothers me. We seem to be spending a whole lot of money shuffling paper around instead of getting down to the brass tacks of things. My guess is that these four hospitals that train people by and large know what we are doing.

The other thing I question is this. I know in Med school we have rotations where every doctor has to go through certain sorts of things to see a little bit of everything. Is there some reason why we cannot as a part of the education require as part of their residency that they work in an urban center and they ought to work in a rural center? It's just like when everybody needs to go through surgery, gynecology, oncology and whatever else. You spend one year in a rural area or at least one year in an urban area, but the rest of the time you can spend in the opposite so you at least get a feel for it. What about that idea?

Mr. Wilgocki: I think that all of your ideas are the things that we need to get on the table and go through the process. It may not cost \$500,000 to do this. We were asked to put together a budget to cover all of the exigencies that might occur. Nor will it take us a year to start getting those residents into the communities, but the fact of the matter is that we have not had these discussions on a statewide basis yet. What we are trying to do is facilitate that discussion among all the schools so that everybody is committed. All four of the schools are committed to tying their residency programs together in order to meet that need. And you are right. We will have to find other ways and cheaper ways to get some of this stuff done, because we do not want to waste anyone's money. We want to get to the point where we need to get as quickly as we can.



Representative Rowland: Just for clarification on the task force, is there currently someone at each one of the four medical schools that is working on this as well?

Mr. Wilgocki: That's the stipend. That's all we have right now, not all four of the goals.

Representative Rowland: You indicated that \$2 million had been set aside annually for this program since 1994. How many people have we placed with this program?

Mr. Wilgocki: I don't have the absolute number. I believe ours had a total of about four students participating in the program. We can get that exact number for you.

Representative Rowland: So we have roughly \$20 million sitting there.

Representative Curtiss: It's not an additional \$2 million each year. It's the same \$2 million.

Representative Rowland: Are we sure about that? Their budget keeps increasing every year, and we don't see a reduction of \$2 million because there was a holdover from a previous year. I am curious to know of if we have almost \$20 million budgeted for this that hasn't been spent in ten years. Obviously, you guys can't answer that, but it's a question that I would like answered.

This is the second time in a few months that we have had a new entity brought before us to be created to help us determine how to do something more effectively. The first was the ERP that just came before us a couple of months ago. I had concerns then, and I expressed them that what we were doing was creating another bureaucracy. I think it behooves all of us to bring the four schools together first. They have ten years worth of experience in trying to make this work. Why do we need to go out and create an entire new entity to provide us information that I can assure you the four medical schools can provide us right now?

Mr. Wilgocki: It was the recommendation of the schools that we do it this way so that everybody's commitment is the same.

Senator Bryson: Have they considered having TennCare form a task force that would have a limited number of time, not necessarily an organization that would go on for about five years? Did they look at that or something that is not a formal organization that could then go back to TennCare? Because as I understand it, it's the TennCare regulations that are causing the issue. If that is right, what we need to do is go back to TennCare and say this is what we need to do to fix this problem. Have they looked at just doing something internally and bringing everybody together?

Mr. Wilgocki: We have been meeting since 2000 - the four medical schools and the rural health association interests. We put together a plan which includes these recommendations to go ahead and bring together all the schools to do a primary care residency, training activities together in the specialty residency, change the regulations around the amount of the stipend, and to set up this new not-for-profit corporation which would assist the rural communities in doing the recruiting.

So what we are coming to you with is a contract that was put together based upon the recommendations of the four schools together, the rural health interests together and brought to TennCare. And over a two-year period of time, TennCare looked at it, relooked at it, looked at it a third time and finally said this is a good idea. Set it up as a separate not-for-profit organization. So, we have had the family meeting already. If it appears that we are not going to do anything, that we are only going to talk about things in the proposal that you received, then that's my fault. We are intending in this first year to get the organization running and get things moving.

Senator Bryson: In the first year, what do you see as the outcome? What's going to happen in the first year that is going to help a rural community?

Mr. Wilgocki: There is a fairly extensive work plan in the contract itself. The first thing to happen would be the new organization would bring together the family

around the table and get down to the conclusions. That these are the conclusions that we want to send to TennCare on the stipend program. Two, we would bring together all those residency training program directors around the table and get them to talking about what can we do together in order to be able to reach all across the State of Tennessee to get primary care residents out there so that when their time comes to make a decision as to whether or not to accept a stipend, they will have seen some of these small communities they would be committing to go to. By the end of the year we would have a recommendation and set up the program for the specialty residents. The outcomes are fairly well listed within the context of the contract. A number of things will be in place and a number of residents will have been placed in the rural communities during the first year.

Senator Bryson: Why hasn't this group that's been meeting for five years been able to do those things? What is the importance of the corporation?

Mr. Wilgocki: We have not had approval from TennCare to tap into the \$2 million to enable the whole thing to occur. The corporation is important probably for three reasons. Number one it is a means of accountability of all schools back to the entire State's interest, not just our corner of the State. We would be committed to all four corners of the State which has not occurred before. Secondly, it provides an entity for recommending changes to TennCare in the stipend program. Third, it's going to take an entire State effort with all the medical schools together in the residency programs to take a look at some of the knotty issues that I know you around the table don't have to deal with but in medical schools and residencies they have regulations that thick about what residents can do and what they can't do, where they can do it, and how they can do it. We are going to need some time to get those things worked through so that we can get the residents out to those communities. We also have to recruit communities who would be willing to accept residents coming into their communities, and we have not even started on that process yet.

Senator Bryson: If the rural communities are hurting for physicians, why is it so hard to recruit the communities?

Mr. Wilgocki: The physicians and hospitals in those communities that will have residents coming to them will have to meet certain educational requirements that the schools are bound to require. It's called faculty development. We will also have to identify communities that are interested and then bring them together.

Representative Curtiss: Ultimately the entity itself is an enabler. It enables us to bring all these parties together on a level playing field under one contract. If you did it any other way, it would be so fragmented that he would only be worrying about the few counties around his school. This brings all those entities into one focal point under one contract. The entity itself makes all sorts of sense and is really the only way you could go. So, that part I agree with.

Representative Shepard: Just a couple of comments. I would like to see the results after just one year like Senator Bryson talked about at this level. Also that TennCare Oversight see some report is given so that they know how the TennCare money is being spent. This is something they have talked about having a need for since 1994. If this gets that need going, I think it's worth our while to give it a try.

Senator Fowler: I see that \$25,000 is going to the Rural Health Association of Tennessee. We already have a group involved in rural health. Why are we creating yet another group instead of giving the money to Rural Health and let them do this?

Mr. Behringer: I am on the Rural Health Association Board and can respond to that. The Rural Health Association of Tennessee's interests are far broader than just workforce. We felt like if we gave them this contract, it would obliterate all of the other activities that it was involved with. In terms of scope, it would be much larger than what the Association actually is doing.

Senator Fowler: I guess what I am still trying to get at is why we need to create another entity. I'll give you another example. We needed to update the probate laws,

so we created a uniform probate study committee. By force of the legislature, we said we are going to have a judge from these courts, and these courts, and clerks and lawyers. We have the power to convene and don't need to go create a corporation.

We have right now an entity coming up with how we report hospital-based infections. We told the Commissioner of Health that you have a committee, convene these people and pull them together. Tell them that if they don't participate we are going to come up with something you may not like, but that's going to be the bill. There's a little incentive to show up and pay attention.

We did the same thing with rewriting Title 33. The legislature said you will go out and study this. As I am sitting here and thinking about creating another entity, why don't we as the legislature charge the rural health association and say this is part of what we want you to do and here's some money to help do it. Why do we not as the legislature create a rural health association task force? Have a member from each of the schools, you figure out who you want and give them the authority if necessary to hire an expert to assist them. That's kind of what we do. We want to review finances but none of us have the time to commit to it. We hire a director who can have the staff to do it. We then review ever so often if we need to keep this entity, and it's not just out there. There's a sunset process when we create something like that so that we can review the bureaucracy every once in a while to see if it's still necessary.

I am just a little concerned about creating some new board over which we will have no oversight or review. We'll have no sunset opportunities to make sure that when they finish their job they'll go away. There are lots of ways to do that, and I don't know why those ways won't work.

Mr. Wilgocki: This entity was recommended after a fairly thorough look at what the other states in the country are doing regarding recruitment and retention of rural communities. The ones that seem to work the best were set up as not-for-profit entities within the State, included all the medical schools on the board - did not

exclude anybody - to make everybody feel like they were accountable. Some of them have legislators on the board, but most of them have the statewide health associations on boards. Some of them have the Departments of Health. Some of them have the Departments of Medicaid or, in our case, TennCare. TennCare sent a representative to the forming board meeting that we had back in June. I think the reason why we went this way was because it seemed to make the most sense six months ago when this plan had to be finally developed and sent to TennCare. It was the most effective way that we saw that other states were handling this issue.

Representative Shepard: Mr. Chairman, I move that the contract be approved.

Chairman McLeary: I second it.

Senator Fowler: I don't know the answer to this, but Mr. White you may know. Can you create corporations for a limited duration in the articles of organization so that they don't exist perpetually?

Mr. White: I'll look at the law, but there's nothing that says a corporation has to be a perpetual entity.

Senator Fowler: That might be something that we would want to look at.

Chairman McLeary: This is a grant. Aren't they awarded on a yearly basis?

Mr. Wilgocki: Yes, sir.

Senator Fowler: I want to make sure I understand, and Mr. White can clarify it. If a year from now they have not finished, are they going to have to come back and ask for more money or can they just go until they have spent \$499,000 or whatever it is they wind up choosing to do?

Mr. White: The term of the contract will govern that, and it does give ETSU the right to extend the contract for additional periods of time to a maximum of five years. That will be done through amendment to the contract, and that amendment would have to come before this Committee.

Mr. Wilgocki: And I think the contract is renewed each year. The amount of money specified in that contract changes each year based upon their allocation model and any adjustments they make to it. So, it is a yearly contract.

Senator Fowler: Mr. White, I am looking at B.1. Term of Contract, it says term of the contract effective upon execution and then it says the right to extend it for periods of time to a maximum of five years representing no more than one year. What is the initial term? That's what I don't see.

Mr. Wilgocki: We anticipated that this would be a one-year contract.

Chairman McLeary: 01/06 to 12/06.

Senator Fowler: Let me suggest if I could, Representative Shepard, that your motion would be that we approve it with the recommendation that B.1. be clarified to determine that the contract would be for one year with the renewals. Because right now it says it renews for five years, but it never says when the first thing ends.

Representative Shepard. I accept that along with the other recommendations concerning the reporting.

Senator Fowler: One other thing I would mention before we vote on this. You can see that sometimes we get a little upset when people come to us after their contracts have expired to ask for renewal. Mr. Chairman, I don't want us to get this reputation that they'll get mad, they'll fuss and make you come back twice, but don't worry about it. Don't let that happen.

Mr. Wilgocki: That's not our intent nor would we want to do that, sir.

Senator Fowler: If you have to negotiate something longer, come before the Committee and let us know. We would appreciate that.

Chairman McLeary: We don't have to know the amounts, but it will allow us to extend your negotiations.

Senator Bryson: Just a clarification. Mr. White, I think you said if they do a renewal, they have to come before this Committee again. Correct?

Mr. White: Yes, because the term of the contract will be for more than one year with the extension and over \$250,000.

Chairman McLeary: We have a motion and a second. All in favor say aye. Any opposed? Representative Rowland votes no. The contract receives a favorable recommendation.

Senator Fowler: Mr. Chairman, I move we adjourn.

Representative Rowland: I second the motion.

WHEREUPON, having no further business, the Committee adjourned.